

Message Text

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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 07455

C O R R E C T E D C O P Y (TEXT CORRECTED AND SECTION INFO)

E.O. 11652: GDS
TAGS: PARM, TECH, ENRG, JA
SUBJECT: U.S.-JAPAN NUCLEAR COOPERATION DISCUSSIONS

1. FROM 24-26 APRIL 1978, U.S. DELEGATION OF NOSENZO, HELFRICH, BRUSH, AND SLOAN MET WITH JAPANESE OFFICIALS (LED BY OHTA FROM MFA) TO DISCUSS IMPACT OF NUCLEAR NON-PROLIFERATION ACT OF 1978 ON JAPAN-U.S. AGREEMENT FOR COOPERATION AS WELL AS OTHER ISSUES OF NUCLEAR COOPERATION DISCUSSED BELOW.

2. ENTIRE DAY OF 24 APRIL SPENT EXPLAINING PROVISIONS OF NEW LAW WITH SPECIFIC EMPHASIS ON IMMEDIATE CRITERIA (SEC. 127), CRITERIA FOR NEW OR AMENDED AGREEMENTS (SEC. 123), SUBSEQUENT ARRANGEMENTS (SEC. 129). JAPANESE POSED MANY QUESTIONS AND MOST WERE ANSWERED TO THEIR SATISFACTION; THEY APPEARED RELIEVED TO LEARN THAT JAPAN MEETS THE IMMEDIATE EXPORT CRITERIA AND THAT MANY ASPECTS OF SEC. 123 CRITERIA ARE ALREADY SATISFIED.

3. ON 25 APRIL, DRAFT MODEL AGREEMENT EXPLAINED. WHILE OHTA REITERATED ON SEVERAL OCCASIONS THAT INFORMAL DISCUSSIONS WERE
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SION OF MODEL AGREEMENT DID NOT CONSTITUTE BEGINNING OF RENEGOTIATION OF U.S.-JAPAN COOPERATION AGREEMENT, JAPANESE DELEGATION HAD STUDIED DRAFT AND HAD A NUMBER OF QUESTIONS. THROUGHOUT THESE DISCUSSIONS, JAPANESE PARTICULARLY INTERESTED IN WHETHER EURATOM GIVEN SAME MODEL AGREEMENT AS JAPAN AND WHETHER AGREEMENT TO NEGOTIATE WITH EURATOM TO BE REACHED SOON. NOSENZO

INDICATED THAT WHILE EURATOM HAS NOT YET FORMALLY RECEIVED A COPY OF MODEL AGREEMENT, ONCE NEGOTIATIONS HAVE BEEN AGREED TO, EURATOM TO RECEIVE SAME MODEL WITH MODIFICATION NECESSARY DUE TO EURATOM BEING "A GROUP OF NATIONS." ON TIMING OF EURATOM NEGOTIATIONS, NOSENZO STATED THAT WE ARE HOPEFUL THAT THESE DISCUSSIONS WILL BEGIN SHORTLY.

4. AN ISSUE RAISED ON SEVERAL OCCASIONS BY JAPANESE WAS WHETHER RENEGOTIATION OF CURRENT AGREEMENT WOULD PREJUDGE RESULTS OF INFCE. U.S. DELEGATION NOTED THAT NEW LAW SPECIFICALLY PROVIDES FOR INFCE AND STATES THAT RENEGOTIATION PURSUANT TO NEW LAW DOES NOT PREJUDGE WHETHER REPROCESSING WOULD BE PERMITTED; IT WAS POINTED OUT, HOWEVER, THAT LONG-TERM REPROCESSING COMMITMENTS BY JAPAN WOULD PREJUDGE EFFORTS BEING MADE THROUGH INFCE TO DEVELOP MORE PROLIFERATION RESISTANT REPROCESSING TECHNIQUES.

5. AT CONCLUSION OF 25 APRIL SESSION, YAMAMOTO OF MITI OUTLINED BASIC TERMS AND CONDITION OF JAPAN-BNFL CONTRACT FOR REPROCESSING OF 1600 METRIC TONS OF SPENT FUEL IN THE UK. DELIVERIES UNDER CONTRACT ARE TO COMMENCE IN 1982 WITH REPROCESSING TO BEGIN IN 1987. CONTRACT, WHICH IS SCHEDULED TO BE SIGNED IN ONE MONTH, WOULD COST YEN 270 BILLION (ABOUT DOLS. 1.3 BILLION) AND GIVE UK OPTION CONFIDENTIAL

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OF WHETHER TO ACCEPT HIGH LEVEL WASTE RECOVERED OR TO RETURN IT TO JAPAN. CONTRACT PROVIDES THAT IN EVENT REPROCESSING PLANT DOES NOT OPERATE, BNFL HAS OPTION OF RETURNING SPENT FUEL TO JAPAN. FIVE PERCENT OF PAYMENT TO BE PAID WITHIN ONE MONTH OF SIGNING OF CONTRACT WITH 50 PERCENT OF BALANCE TO BE PAID AT TIME OF DELIVERY. FOR FIRST TIME, CONTRACT CONTAINS "FORCE MAJEURE" CLAUSE RELIEVING JAPAN FROM PERFORMANCE UNDER CONTRACT IN EVENT U.S. DOES NOT APPROVE RETRANSFER OF U.S.-ORIGIN FUEL TO UK. JAPANESE VAGUE AS TO PENALTY TO BE PAID IF "FORCE MAJEURE" CLAUSE EXERCISED.

6. U.S. DELEGATION ATTENDED LUNCH ON 25 APRIL HOSTED BY TAMIYA, CHAIRMAN OF INFCE WORKING GROUP IV. REPRESENTATIVES OF MAJOR JAPANESE UTILITIES ALSO ATTENDED. VERY FRIENDLY BUT FRANK EXCHANGE OCCURRED CONCERNING U.S. MB-10 POLICY WITH RESPECT TO REPROCESSING IN THE UK OR FRANCE, U.S. PREFERENCE FOR LONG-TERM STORAGE OF SPENT FUEL UNTIL SAFER REPROCESSING METHODS ARE DEVELOPED, AND U.S. POLICY CONCERNING EXPORT OF HEU. DURING DISCUSSIONS, NOSENZO INDICATED THAT EVEN IF SPENT FUEL WERE TO BE REPROCESSED IN UK OR FRANCE UNDER NEW CONTRACTS, JAPAN

WOULD NOT HAVE ASSURED SOLUTION TO PROBLEM OF DISPOSITION OF RADIOACTIVE WASTE. THUS, THIS DID NOT "SOLVE" JAPANESE SPENT FUEL PROBLEM. JAPANESE RECOGNIZED THIS PROBLEM AND STATED THAT THEY WOULD CONSIDER REVISING THEIR SPENT FUEL POLICY IF U.S. WERE ABLE TO DEVELOP FIRM ALTERNATIVE SOLUTION MEETING JAPANESE NEEDS.

7. IN SEPARATE CONVERSATION WITH OHTA, NOSENZO AND HELFRICH REVIEWED PROBLEMS WITH APPROVAL OF REPROCESSING OF KANSAI SPENT FUEL AND ITS RELATIONSHIP TO OTHER UPCOMING BILATERAL ISSUES BETWEEN U.S. AND JAPAN, SPECIFICALLY, NEGOTIATION OF TOKAI MURA FOLLOW-ON ARRANGEMENT, NEW JAPANESE UTILITY COMMITMENTS TO COGEMA AND

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C O N F I D E N T I A L SECTION 02 OF 02 TOKYO 07455

BNFL, JAPANESE PLANS FOR LARGE SCALE COMMERCIAL REPROCESSING, AND RENEGOTIATION OF U.S.-JAPANESE AGREEMENT FOR COOPERATION. NOSENZO POINTED OUT DESIRABILITY OF OVERALL SOLUTION TO THESE PROBLEMS THAT WOULD MEET U.S. NUCLEAR POLICY AND COMMON NON-PROLIFERATION CONCERNS AND JAPAN'S NEEDS FOR CONCRETE SOLUTION TO SPENT FUEL PROBLEMS. DEVELOPMENT OF OVERALL SOLUTION WOULD REQUIRE INTENSIVE BILATERAL DISCUSSIONS AT POLITICAL LEVEL (I.E., U.S.-JAPANESE NUCLEAR POLICY HARMONIZATION) AND TECHNICAL LEVEL (E.G., TOKAI FOLLOW-ON OPTIONS AND OPTIONS FOR JAPANESE SPENT FUEL STORAGE IN THE PACIFIC). THESE TALKS SHOULD PROCEED SOON IF WE ARE TO HEAD OFF POLITICAL DIFFICULTIES OVER THESE ISSUES. HELFRICH

STRESSED NEED TO BUY TIME WHILE SUCH SOLUTIONS ARE WORKED OUT. OF PARTICULAR CONCERN IS MB-10 APPROVAL OF KANSAI 14 TONNES OF SPENT FUEL SINCE ALTHOUGH U.S. RECOGNIZES REPROCESSING CONTRACT ENTERED INTO BEFORE U.S. POLICY DECISION ON REPROCESSING, KANSAI CASE DOES NOT SATISFY CLEAR NEED CRITERION. U.S. REPRESENTATIVES INDICATED DESIRABILITY OF DELAYING CONSIDERATION OF KANSAI SHIPMENT

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TO FY 79, POSSIBLY THROUGH SUBSTITUTION OF FUEL FROM OTHER JAPANESE UTILITIES (JAPCO AND TEPCO) WHERE STORAGE PROBLEMS ARE MORE IMMEDIATE. OHTA SAID HE BELIEVED ATTEMPT TO SOLVE OVERALL PROBLEM WAS RIGHT COURSE OF ACTION AND WOULD FOLLOW UP WITH YAMAMOTO (MITI) TO SEE WHAT COULD BE DONE TO BUY TIME. HE STRESSED THAT JAPANESE UTILITIES AND GOVERNMENT WOULD LIKE NOTHING BETTER THAN TO SOLVE SPENT FUEL PROBLEM IN MANNER THAT MET U.S. POLICY CONCERNS AND DID NOT LEAVE OPEN QUESTIONS OF DISPOSAL OF SPENT FUEL OR HIGH LEVEL WASTE, BUT THAT NEED WAS FOR CONCRETE SOLUTION NOW. HE THEREFORE URGED THAT BILATERAL DISCUSSIONS INVOLVING EXPLORATION OF REAL SOLUTIONS TO SPENT FUEL PROBLEM SHOULD BE PURSUED AS SOON AS POSSIBLE. U.S. SIDE AGREED TO FOLLOW-UP ON MATTER IN WASHINGTON AS SOON AS POSSIBLE.

8. NOSENZO THEN BRIEFLY REVIEWED WITH OHTA RECENT BILATERAL DISCUSSIONS WITH UK AND FRG ON NUCLEAR SUPPLIERS MATTERS, INCLUDING POSSIBLE FRENCH DE FACTO AGREEMENT TO REQUIRE FULL SCOPE SAFEGUARDS FOR FUTURE RECIPIENTS, UK SUGGESTION OF RESTRAINT IN EXPORT OF RESEARCH REACTORS, AND U.S. DESIRE FOR CONSTRAINTS ON EXPORT OF ENRICHMENT TECHNOLOGY, PARTICULARLY CENTRIFUGE TECHNOLOGY, WITH ITS SIGNIFICANT RISK OF PROLIFERATION. U.S.-JAPANESE BILATERAL IN WASHINGTON ON THESE MATTERS WAS SUGGESTED IN CONNECTION WITH OKAWA (MFA) TRIP TO U.S. ON SSOD, PERHAPS AT END OF SSOD. OHTA INDICATED IDEA OF BILATERAL ON THESE MATTERS WAS ACCEPTABLE IN PRINCIPLE AND HE WOULD EXPLORE MATTER OF POSSIBLE DATES WITH OKAWA. OHTA NOTED THAT FIRST TWO ELEMENTS DID NOT SEEM TO PRESENT ANY PROBLEM TO JAPAN. THIRD ELEMENT HOWEVER HAD IMPLICATIONS REGARDING THEIR RECENT TALKS IN SYDNEY WITH AUSTRALIANS ON JOINT VENTURE

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FOR ENRICHMENT PLANT IN AUSTRALIA. THEY WOULD THEREFORE BE VERY INTERESTED IN ANY CONCRETE PROPOSALS U.S. MIGHT

HAVE RE RESTRAINT IN EXPORT OF ENRICHMENT TECHNOLOGY.
OHTA ALSO INDICATED URENCO HAD BEEN PRESSING JAPAN AND
AUSTRALIA VERY HARD ON POSSIBLE THREEWAY ARRANGEMENT
INVOLVING URENCO TECHNOLOGY, AUSTRALIAN URANIUM AND SITE
FOR ENRICHMENT PLANT AND JAPANESE CAPITALIZATION. OHTA
ADDED THAT BOTH JAPAN AND AUSTRALIA WOULD PREFER U.S.
INVOLVEMENT. MANSFIELD

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